

## **INQUIRY INTO SOCIAL, PUBLIC AND AFFORDABLE HOUSING**

**Organisation:** IRT Group  
**Date received:** 28/02/2014

---

# NSW Legislative Council Select Committee Inquiry into Social, Public and Affordable Housing





Contact:

Barbara Squires  
Head of Research and Advocacy

T

E [bsquires@irt.org.au](mailto:bsquires@irt.org.au)

Illawarra Retirement Trust (trading as IRT Group)  
ABN: 52 000 726 536

Level 3, 77 Market St  
Wollongong NSW 2500

T 1800 024 915 (Freecall)  
E [customerservice@irt.org.au](mailto:customerservice@irt.org.au)  
W [www.irt.org.au](http://www.irt.org.au)

Follow us on [facebook.com/IRTRGroup](https://facebook.com/IRTRGroup)  
Follow us on [twitter.com/IRTRGroup](https://twitter.com/IRTRGroup)

leading the seniors revolution®



## Introduction

IRT welcomes the opportunity to provide information to the Legislative Council's Select Committee on Social, Public and Affordable Housing.

Our submission focuses on:

- the impact of an ageing population,
- older people's need for suitable and affordable housing,
- the role of not-for-profit organisations such as IRT Group in providing suitable and affordable housing for older people,
- the benefits of retirement communities for older people and to Government, and
- the key inputs required from Government to make it possible for the private sector to provide affordable and suitable housing for older people.

### 1. About IRT

IRT Group had its origins in Wollongong over 40 years ago. IRT Group is now one of Australia's largest community based seniors lifestyle and care providers, delivering care and housing to 9300 older people across NSW, Queensland and ACT.

IRT is a not-for-profit public company limited by guarantee, with over 2000 employees. In 2012/13, IRT Group had an income of \$136m, and assets of nearly \$900m.

IRT provides retirement communities in 27 locations in NSW, primarily in the Illawarra and South Coast areas. IRT provides 1330 dwellings in total in NSW.

IRT also provides residential aged care (i.e. nursing homes) for over 1500 very frail older people or those affected by moderate to severe dementia, as well as providing In-Home Care (i.e. community aged care) to nearly 5000 older people who live in their own homes.

IRT's vision is to create communities where seniors achieve their optimum quality of life.

## 2. An ageing population

The ageing of the world's population is unprecedented, and is bringing changes that will be far reaching across Australia. As United Nations Secretary-General Ban Ki-moon pointed out, "the social and economic implications of this phenomenon are profound, extending far beyond the individual older person and the immediate family, touching broader society and the global community in unprecedented ways".<sup>1</sup>

In NSW, people over 65 years now comprise 14.5% of the population. The ageing of the baby boomer cohort means that these numbers will continue to steadily increase.

The NSW Ageing Strategy is a response to the challenge of the ageing of the population. Its whole of government approach is strongly supported by IRT.

---

<sup>1</sup> Ageing in the twenty-first century: A celebration and a challenge, UN Population Fund, New York, 2012.

IRT shares the vision of the NSW Ageing Strategy:<sup>2</sup>

*Vision: People in NSW experience the benefits of living longer.*

*More people will enjoy later life if:*

- *seniors lead active and rewarding lives and are valued members of the community*
- *adults make decisions that support their independence and wellbeing later in life*
- *NSW responds effectively to the challenges and opportunities of population ageing.*

### 3. Older people's need for suitable and affordable housing

Government policy at a state and national level is increasingly moving towards enabling older people to “age in place”, i.e. to live independently in the community of their choice for as long as possible. Aged care services are becoming more flexible and able to support even very frail older people in their homes, rather than their having to move into residential aged care (i.e. nursing homes) in order to get care if they need it.

This means that suitable housing is becoming even more important to enabling older people to age well, as the home is increasingly becoming the setting in which community health and aged care services are delivered.

An increasing number of people are entering older age without the security of fully owning their own home. There is a lack of rental housing affordable by those with no income other than the aged pension. Those older people who fall out of home ownership are very vulnerable to becoming homeless.

<sup>2</sup> NSW Ageing Strategy, Family & Community Services, accessed at [http://www.adhc.nsw.gov.au/about\\_us/strategies/nsw\\_ageing\\_strategy](http://www.adhc.nsw.gov.au/about_us/strategies/nsw_ageing_strategy) , p.4.

IRT provides an Assistance with Care and Housing (ACHA) service in the Wollongong area for older people who are homeless, or at risk of homelessness. We see first hand the difficulties older people can face if they do not have secure, affordable housing.

In order to provide assistance to vulnerable older people who cannot find suitable rental accommodation they can afford, IRT became a registered Community Housing Provider and provides a limited amount of affordable rental retirement housing through the National Rental Affordability Scheme (NRAS). IRT also provides a small number of retirement village units on a rental basis to those who cannot afford even a modest capital contribution. ACHA clients are given priority access to NRAS and rental units, but demand is high and the waiting list for vacancies is long.

The compliance requirements for achieving and maintaining registration as a community housing provider are rigorous. IRT is one of very few organisations who provide retirement housing as well as aged care services in NSW who have achieved registration. However, registration is a prerequisite in NSW to receiving a subsidy through NRAS.

Unlike mainstream community housing providers, IRT does not receive any form of financial assistance from the NSW Government to maintain and expand its stock of low cost rental retirement village units.

#### 4. Retirement Communities: suitable and affordable housing for older people

Approximately five per cent of people over the age of 65 live in retirement communities (often called retirement villages). There are approximately 2160 retirement communities in Australia, accommodating over 177,000 people. In NSW, there are 680 retirement communities, with over 48,000 residents.<sup>3</sup>

IRT provides retirement communities in 27 locations in NSW, primarily in the Illawarra and South Coast areas. IRT provides 1330 dwellings in total in NSW.

Twenty-five of IRT's 27 retirement communities offer financial arrangements that are suitable for older people who have modest amounts of capital with which to pay the ingoing contribution. In other words, those whose property is worth less than the median price for a particular area are still able to afford to move in. Otherwise they are likely to find that there is little or no suitable alternative housing available at a price they can afford in their local area.

The ingoing contribution in those retirement communities may be fully or partly refundable, or non refundable, depending on the pricing option chosen by the potential resident. The fortnightly recurrent fees (to cover operational expenses) are set at between 25 – 30% of the full aged pension, so are affordable to retired people of modest means.

A growing percentage of older people are entering retirement with mortgages and low superannuation balances. Many older people who own their homes have low value homes, and the lack of suitable, affordable alternatives makes it difficult or impossible for them to be

---

<sup>3</sup> Retirement Living Council (Property Council of Australia) Factsheets, 2014



able to trade down to homes that are more suitable in location, better designed (which means safer), and more energy efficient, all features that have been proven to reduce demand on health and aged care services.

## 5. Benefits of retirement communities

It is important to reiterate that *purpose built retirement communities* (i.e. retirement villages), are quite different to *residential aged care* (i.e. nursing homes, hostels, or aged care facilities).

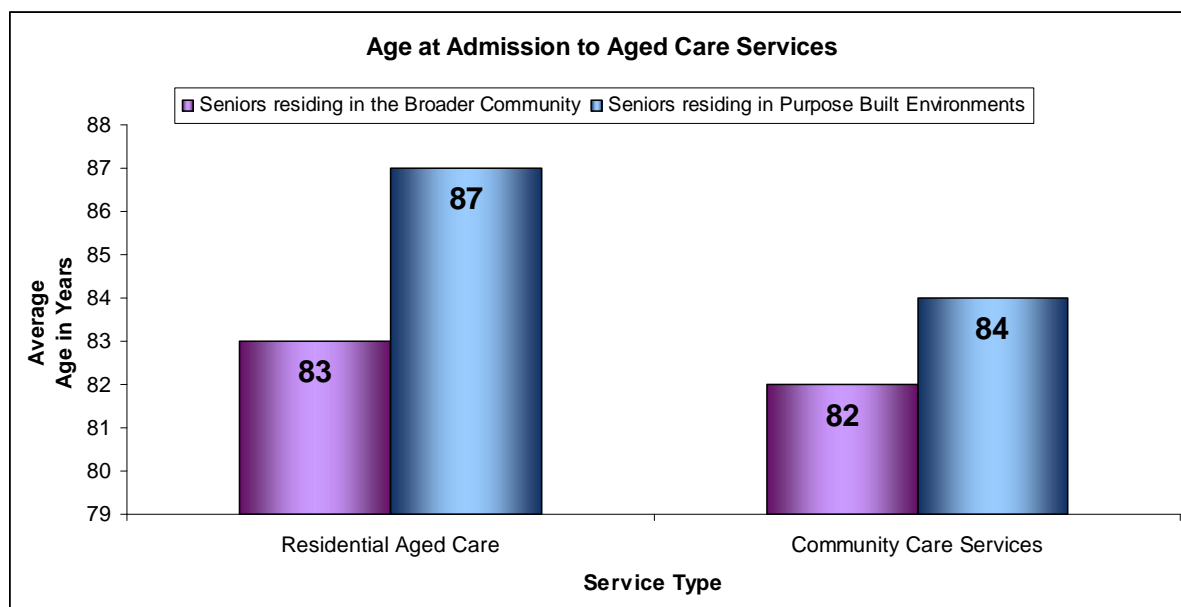
People who live in retirement communities are independent, while people entering residential aged care are increasingly very old and frail, and need specialised care (e.g. because of dementia).

IRT retirement communities are designed for older people, so they have features such as gentle slopes and no stairs, grab rails in the bathroom and emergency call buttons.

Residents have access to a manager who is able to refer them to health and support services if needed. There is a community hall or meeting room, and access to social activities and community transport. Maintenance and security services are provided.

Well-designed and located retirement housing such as that provided by IRT is an important option for older people because there is good evidence that the combination of suitable housing and services can delay the need for government subsidised aged care, either in the community or in residential aged care facilities.

The following graph shows the results of a study done in IRT in 2010:



Source: IRT, 2010.

The right hand blue bars clearly show that older people who were living in IRT retirement communities were on average four years older when they went into residential aged care than people who were living in ordinary suburban homes. A similar delay of two years was seen in people accessing community aged care (in-home) services.

## 6. Role of NSW Government and retirement communities

Purpose-built retirement communities provide a better quality of life for older people, and a reduced burden on taxpayers for aged care subsidies and hospital care.

The location of retirement communities is important, as IRT's experience is that older people overwhelmingly prefer to continue to live within a 15 km radius of where they previously lived. This provides an ongoing connection with their family and social networks, and the

ability to continue to be treated by their familiar GP. As many older people will lose the ability to drive in later years, the location of hospitals and community services such as shops and libraries becomes very important.

However, when organisations such as IRT are looking for suitable sites on which to build new retirement communities, we are often competing with developers of residential housing who can pay a premium price for central locations.

We recommend that consideration be given to some form of inputs from government for developers of retirement communities. These might include the contribution of land, capital funding or the discounting of development and/or service contributions, in light of the considerable benefits that will accrue to government in terms of the provision of affordable housing and lower health and aged care costs.

Authorised by: Nieves Murray, CEO, IRT Group

Contact person: Barbara Squires, Head of Research and Advocacy, IRT Group